

introducer, in this case, Senator Burrows, can withdraw the amendments. He doesn't need unanimous consent before the vote is taken on the bill.

SENATOR NICHOL: Okay, then I may put in rule 2, may I not? I can put in that amendment.

SENATOR MARVEL: Do you want to put in the amendment?

SENATOR NICHOL: Yes, rule 2.

SENATOR MARVEL: Okay, the Chair is going to rule that Senator Burrows' motion at this stage of the consideration, which withdraws two, three, four and five, is that right, Senator Burrows?

SENATOR BURROWS: Yes, I want to withdraw all the amendments.

SENATOR MARVEL: All right, is adopted. Now, Senator Nichol, do you wish to be recognized?

SENATOR NICHOL: Yes. I'd like to offer amendment two of the Burrows' amendment. I have no objection to that.

SENATOR MARVEL: Okay, the first order of business is Senator Burrows' kill motion. Senator Burrows. The motion before the House in order of precedence, first of all is Senator Burrows' motion to kill LB 18. The Chair recognizes Senator Burrows.

SENATOR BURROWS: (Microphone not working)... it changes on page 2, it starts out changing 9 to 11. There was a rationale and I lost this amendment and at that point I feel there is no way of making a workable bill out of LB 18. When you raised, you added 2% on this first page. That amendment lost. I accept this. It further attempts to raise the \$1,000 limit on the 18% interest later on in the bill so that 18% can be charged on more money. It allows presently, they have allowed the rule of 78's to work in this legislation and it will not alter this if we kill the bill but at least we won't allow them to use the 78's at increased interest rates. It extends repayment periods to 72 months which would allow more use of the rule of 78's and I'd like to explain what the rule of 78's does. Now really we're not going to change this but I think it will be taken care of by federal regulation in a short time anyhow so I see no purpose on really going for this in the bill. The rule of 78's works on a principle of prepayment penalty. Now I could agree to this when a man comes in and he has a \$2,000 loan and he pays it off before the agreed period of time, but when he goes in and he refinances that \$2,000 and borrows another \$1,000, they incorporate a prepayment penalty where the principal of that prepayment penalty was to compensate the lender for losing possibly the interest on that for a period of time, having to loan under different circumstance when actually, on that refinancing, the lender just reloaned that money to the person that had borrowed it and loaned him more money also. Then they penalize him through this rule of 78's so they have these additional charges coined in already to the present interest rates that are in the law. I think this will be taken care of and killing the bill won't affect this, but with all these advantages that are intertwined in this complex existing law that wrote advantages for the small loan companies through its entire context, the bill as drafted in total, again and again strikes for interest advantage on these small loans. Now we went back to that 9% interest which we couldn't get struck, where we were going to raise that to 11% by reference to another subsection